



COMMONWEALTH OF PENNSYLVANIA
DEPARTMENT OF GENERAL SERVICES

OFFICE OF THE SECRETARY

717-787-5996

July 11, 2018

Daniel K. Walsh
Co- Chairman
The Walsh Group
d/b/a Walsh Heery Joint Venture
929 West Adams Street
Chicago, IL 60607

Ted Sak
President/CEO
Heery International
d/b/a Walsh Heery Joint Venture
999 Peachtree Street NE
Atlanta, GA 30309-3953

Re: DGS 577-36 3rd RRB
DGS 577-36DBC.1 Third Revised Rebid
New Correctional Facility SCI Phoenix
Skippack, PA

Dear Mr. Walsh and Mr. Sak:

It was believed by Department of Corrections (DOC) that the SCI Phoenix project would be completed prior to SCI Graterford deteriorating to a point where it becomes a potentially unsafe facility. However, due to the delays in completing SCI Phoenix, the SCI Graterford facility, which still houses the inmates that will be transferred to SCI Phoenix, continues to deteriorate and is becoming questionable. Unfortunately, at a date yet to be determined, the DOC will be forced, due to the deterioration and safety concerns at SCI Graterford, to begin the transfer of inmates into SCI Phoenix prior to SCI Phoenix being completed. In its determination, the DOC will be considering the issues at SCI Graterford against the issues at SCI Phoenix. When DOC ultimately determines that the issues with SCI Graterford outweigh the issues at SCI Phoenix, DOC will begin to transfer inmates and staff into SCI Phoenix. At that time, SCI Phoenix will become an active prison and WHJV will be required to adhere to DOC's procedures in such a facility.

If DOC determines its safer for the inmates and DOC staff to be transferred to SCI Phoenix prior to its completion, this will not signify acceptance of SCI Phoenix and WHJV must continue to complete the project and honor the Contract Documents including, but not limited to, the Final Inspection and Close-out procedures.

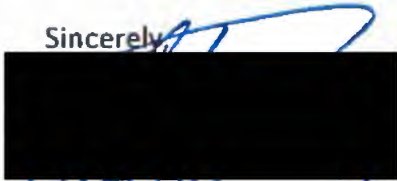
The Department of General Services and DOC reserve all rights and defenses available under the terms of the Contract Documents and applicable law. Nothing contained in this letter is, and shall not be construed as, an admission of liability or a waiver of any of DGS' or DOC's

Mr. Daniel Walsh
Mr. Ted Sak
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rights. All such rights are fully reserved whether or not mentioned herein or in subsequent communications.

It is imperative WHJV addresses and corrects all remaining issues in a timely manner in accordance with the Contract Documents and submits the proper forms for Final Inspection and Close-out. In the recent past, WHJV has made great strides toward completing this sophisticated maximum-security prison project. We hope this continues.

Sincerely,



Curt Yopper
Secretary